

Hayd

The attached is  
for your general info.

It consists of  
comments by [redacted]  
in response to Col.  
[redacted] request for his  
review of Kelly's  
SP-1928 proposal.

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[redacted]  
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Comments Kelly proposal for conversion program

1. What type of contract do they propose? It sounds like a Fixed price incentive type with the incentive ~~off~~ on cost. If so, the contractors share line is missing. I propose a ☐ share line.

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2. A manpower loading chart is missing. It is difficult to evaluate the man hours without one. This would also be a good gauge on their expenditures since the bulk of their costs are for manpower. ☐ (total cost) ☐ STAT  
comment made by the auditor on this area.

3. Based on their expenditure chart as of 26 December 1965 and in the absence of definitive cost data back up, I would be inclined to believe that the ~~target~~ <sup>ceiling</sup> price should be the Target price. Their actual expenditures are lagging several hundred thousand dollars under the Target price.

4. Material and <sup>other</sup> direct charges makes up ☐ STAT

of the total estimated cost - How much  
of this is sub contracted?

5. In view of the fact that  of total cost STAT  
is for manpower it appears to me that  
this job is primarily one of management with  
very little risk involved. The most  
profit I would consider is  and only  
if they accepted a tighter target cost.  
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6. From all the correspondence I have  
reviewed in the file I think that the  
SP 870 F document should be rewritten  
to reflect the work statement quoted.  
Although you may have a verbal meeting  
of the minds on the work to be done it  
should be properly reflected in the  
written document. I could be wrong but  
I get the feeling that some areas of work  
need to be worked out.

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